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No. 89-954

IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

MONTEDORO-WHITNEY CORPORATION,
Petitioner,

v.

MARSH-McBIRNEY, INC.,
Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

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SUPPLEMENTAL BRIEF OF RESPONDENT MARSH-McBIRNEY, INC.

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Dated: January 22, 1991

PRESS OF BYRON S. ADAMS, WASHINGTON, D.C. (202) 347-8203

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Respondent, Marsh-McBirney Inc., submits this Supplemental Brief pursuant to this Court's Rule 15.7.

Petitioner has filed a supplemental brief in this Court in which it contends that this Court's ruling in *Firstier Mortgage Co.* v. *Investors Mortgage Ins. Co.*, Docket No. 89-1063, decided January 15, 1991, governs disposition of the Rule 4(a)(2) issue which petitioner presented in its petition for certiorari. It does not. Unfortunately, this Court does not have the record before it. If it did, it would quickly appreciate that the District Court in this case did not announce

any decision, much less any decision that would be immediately appealable, prior to the entry of final judgment on April 25, 1989.

In this case, the District Court reordered the presentation of proof so that it heard (most of) the liability issues, including numerous affirmative defenses raised by petitioner, before it heard respondent's evidence on remedy. (The reason for reordering the proof was that the District Court did not want to hear respondent's evidence on remedy unless persuaded there was liability, with the result that petitioner presented its evidence on its many affirmative defenses ahead of respondent's evidence on remedy.) The District Court made findings of fact and conclusions of law on one liability issue after another over several days immediately prior to commencement of the remedy phase of the trial. These rulings were not reduced to orders or minute orders; rather, they were nonfinal, as is expressly recited in paragraph 1 of the final judgment entered April 25, 1988. These rulings had no different status than rulings on motions or evidentiary objections during the course of any trial.

After finding infringement and rejecting petitioner's affirmative defenses, the District Court immediately proceeded to hear respondent's evidence on remedy. Indeed, on March 16, 1988, it denied petitioner's motion to bifurcate the liability and remedy phases of the trial, which petitioner made for the purpose of attempting to set up an appeal under 28 U.S.C. §1292(c)(2). "The motion to bifurcate is denied. We are going to get this resolved." As a result, the District Court did not enter any order, judgment, or decree at the conclusion of (most of) the liability evidence. Such action would have been contrary to its

expressed intent to complete the trial as one trial, which required resolution of respondent's claim for damages as well as its prayer for an injunction.

The fact is that in this case there was *no* "announcement of a decision or order" at the conclusion of the liability phase of the trial. The District Court as of March 19 (when the Court and respondent thought all liability issues had been addressed) had made any number of rulings on liability, but it had not addressed any number of remaining issues. It had not heard evidence, for example, on whether petitioner and respondent sold into a two-supplier niche market; if they did, then respondent was entitled to "lost profits," which it in fact received, as this Court can tell from the affirmance of the District Court's ruling on this issue. After March 19, the District Court addressed further liability issues, including revisiting some that had been previously (and tentatively) ruled upon. As of March 19, the District Court also had not addressed respondent's prayer for an injunction; respondent obtained an injunction, which was both separately issued and incorporated in the final judgment entered on April 25 (from which petitioner filed a timely notice of appeal). Thus, not only did the District Court not announce a decision or order at the conclusion of the liability phase, but much more than an accounting remained, including respondent's request for injunctive relief.

In this case, there could be no arguable confusion by petitioner concerning the status of the litigation at the time it filed its premature notices of appeals. The District Court on March 22, the very day that petitioner filed its first notice of appeal, told petitioner that the rulings noticed in its appeal were *not* final.

The District Court specifically warned petitioner's trial counsel that in filing the initial premature notice of appeal on March 22, 1988 (which was on the same day that petitioner went into Chapter 11, in an effort to prevent completion of the patent trial) that it was vexatiously multiplying the proceedings in derogation of 28 U.S.C. § 1927. To complicate matters further, two of the three major liability issues which petitioner unsuccessfully sought to bring before the Court of Appeals in its premature appeals were not even decided by the District Court on days set out in the notices of appeal.

The Court of Appeals for the Federal Circuit, which had the benefit of the record[1], including the docket entries and relevant trial transcript, correctly wrote: "There was no announcement of a decision or order in this case except by the entry of the final judgment on April 25; entry of judgment was the 'announcement' of the decision." *Marsh-McBirney, Inc.* v. *Montedoro-Whitney Corp.*, 882 F.2d 498, 503 (Fed. Cir. 1989). Since there was no announcement of a decision or order, it is not possible for petitioner's premature appeals to be saved under Rule 4(a)(2).

This Court should deny petitioner's petition for certiorari for the simple reason that there was no announcement of a decision or order in this case prior to the entry of judgment. The situation is totally dif-

[1] The parties had sought to litigate their respective positions by motion before briefing. In recognition that the parties presented the facts very differently, the Court of Appeals deferred ruling until final decision, when it would have the benefit of the record. Needless to say, the Court of Appeals, with the benefit of the record, agreed with respondent's representations of the procedural facts.

ferent, therefore, from what happened in the *FirsTier Mortgage* case. Alternatively, this Court should remand the case to the Court of Appeals for reconsideration in light of this Court's decision in *FirsTier Mortgage Co.* It can then reconsider in light of this Court's decision *and* the record. Above-all, this Court should not summarily reverse the Court of Appeals, as urged by petitioner. Again, if this Court had the benefit of the record, it would be entirely clear to it that petitioner's position is without arguable merit.

Respectfully submitted,

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